

## The complaint

Mr D as representative for Mrs D complains Scottish Widows Limited ('Scottish Widows') delayed facilitating the part surrender of Mrs D's investment bond. He says the compensation Scottish Widows paid for the delay wasn't sufficient.

## What happened

Mr D had lasting power of attorney to act on Mrs D's behalf because Mrs D lacked the capacity to do so herself. As part of that Mr D managed Mrs D's account with Scottish Widows which included a policy containing an investment bond.

In late 2024 Mr D complained to Scottish Widows that it had delayed paying out a partial surrender of Mrs D's policy which Mr D had requested. Scottish Widows agreed its service should've been better and it paid Mrs D £176.60 in compensation. That included £100 for distress and inconvenience, £24 to cover Mr D's inbound call costs, and £52.60 in interest which was calculated at a rate of 8% and paid because Mrs D was denied her money from 13 September to 2 October 2024. Mr D accepted the compensation and agreed his complaint had been resolved.

On 3 February 2025 Mr D requested a partial surrender of another policy belonging to Mrs D. Again Scottish Widows unnecessarily delayed processing the surrender. It didn't complete the surrender until 19 February 2025. During the period of delay Scottish Widows asked Mr D for identification documents which it didn't need because it already had his identification in connection with the previous policy. And it sent correspondence to Mrs D's address when it should've sent the correspondence to Mr D as Mrs D's representative.

Mr D complained again. In response Scottish Widows agreed it shouldn't have taken so long to pay the surrendered amount to Mrs D when it had already had the information it needed. To compensate Mrs D Scottish Widows paid her £262.13 which included £12.13 in interest, calculated at 8%, and £250 for distress and inconvenience. Scottish Widows also apologised and said its processes were always under review.

Mr D wasn't satisfied. He referred the complaint to this service.

One of our Investigators looked into the complaint. She didn't recommend Scottish Widows do anything further to put things right. She acknowledged Mr D had suffered compounded frustration when Scottish Widows caused a delay for the second time. But she said this service can't award compensation for the distress and inconvenience experienced by a representative of the complainant. In relation to the amount Scottish Widows paid in interest the investigator said the aim of a redress payment was to put the consumer in the position they would've been in if there hadn't been a mistake. Mrs D didn't pay any fees as a result of the error, so there was no reimbursement to be made for fees. The investigator thought payment was due for lost earning potential on the funds that were paid late, and the 8% per annum simple interest rate that Scottish Widows had paid her was in line with the awards this service generally makes in similar circumstances.

Mr D didn't accept the investigator's view. In summary he said the following:

- He was making the complaint as the holder of a lasting power of attorney. He said it was the fact he was acting under that power that brought about his complaint.
- This service claimed to put things right when a business had done the wrong thing, and so it should require Scottish Widows to improve its processes, given Scottish Widows had made the same mistake twice.
- For Scottish Widows to pay 8% interest on a late payment was unfair given its wider banking group charged customers nearly 40% on overdraft funds.
- He understood the principle of placing a consumer in the same financial position they would've been in had the business not made a mistake. But it wasn't fair that Scottish Widows could pay less compensation on the basis Mr D had gone out of his way and used his own funds to lessen the impact of the mistake, by using his own resources to prevent Mrs D's account going into overdraft.
- Compensation from Scottish Widows was paid to Mrs D, not Mr D. And Mr D was happy with that. But he wanted to know why this service couldn't make awards for representatives.
- Scottish Widows should have a set process for determining compensation awards.

The investigator discussed the complaint with Mr D by phone. Amongst other things she explained the rules that set out who is an eligible complainant for complaints to this service, and why this service couldn't award compensation to people acting as representatives for a complainant. She also said this service wouldn't necessarily award compensation for the full amount of a financial loss if the consumer could've but didn't take reasonable steps to minimise the loss. And she reiterated the amount of 8% interest was used to compensate for the lost use of the money during the period of delay in which Mrs D didn't have her money due to errors.

After the call the investigator sent Mr D some further information setting out the rules which govern how this service must handle complaints, in particular showing who is an eligible complainant under the rules.

Mr D made further comments which I've summarised as follows:

- Where there's been a repeated mistake, telling a business to put things right must include telling it to change its processes to ensure the same issue doesn't happen again and to other customers.
- Mr D hadn't asked for compensation to be paid to himself – only to his mother. But the complaint was from him because it was the lasting power of attorney that caused the service failures.
- He understood the remit of this service in relation to a person acting under a lasting power of attorney on behalf of a complainant. But he didn't agree with it.
- He wanted an ombudsman to make a decision on the complaint.

Because no agreement could be reached, this complaint was passed to me to review afresh and make a decision.

## **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I'm not upholding the complaint, for the same reasons given by the investigator on this complaint. I'll explain why.

First, the purpose of this decision is to set out my findings on what's fair and reasonable, and explain my reasons for reaching those findings, not to offer a point-by-point response to every submission made by the parties to the complaint. And so, while I've considered all the submissions by both parties, I've focussed here on the points I believe to be key to my decision on what's fair and reasonable in the circumstances.

It isn't in dispute that Scottish Widows made errors and so delayed paying Mrs D the money she was due under the part-surrender of her policy which Mr D requested on her behalf. What Mr D disputes is whether Scottish Widows has done enough to put right its mistakes. I can appreciate why Mr D feels so strongly about this complaint – Scottish Widows could and reasonably should have provided a better standard of service to him than it did. However, there's not much I can usefully add to what our investigator has already said.

As the investigator told Mr D, the rules by which this service must abide can be found in the Dispute Resolution (DISP) section of the Handbook of the regulator, the Financial Conduct Authority (FCA). The rules in DISP don't allow this service to treat Mr D as an eligible complainant in his own right in the circumstances of this complaint. That's because the rules require a complainant to have one of a number of specified relationships with the business being complained about (such as being an account holder). And to be considered by this service a complaint must arise from one of those specified relationships. It follows that, even if Mr D were, separately, a customer of Scottish Widows, he still wouldn't be an eligible complainant for this complaint under the rules in DISP because this complaint arises from the handling of Mrs D's account.

So Mrs D is the eligible complainant here. And while I can consider awarding compensation for inconvenience and distress to an eligible complainant, in this instance it's not Mrs D who's experienced the distress and inconvenience that Scottish Widows's shortcoming has caused – it's Mr D. Nevertheless, I note that, in any case, Scottish Widows has already awarded compensation to Mrs D for distress and inconvenience. And Mr D said he's happy for that compensation to be paid to her.

Mr D isn't satisfied that the amount of compensation Scottish Widows awarded was appropriate. I understand that's because Mrs D was given a different amount, calculated differently, for her previous complaint that was also about delayed payment under a part-surrender. And Scottish Widows was unable to explain or produce any written guidance about how it calculated its awards.

I'm satisfied that in awarding 8% interest on the amount that was paid late Scottish Widows followed the same approach that's generally used by this service. So I'm not persuaded Scottish Widows lacked a coherent approach to compensating Mrs D for depriving her of her funds for a period of time. I also don't think the amount itself was unfair or unreasonable given its purpose was to make up for temporarily depriving Mrs D of her funds.

I understand what Mr D says about the interest rate being much higher for customers who go into overdraft. But in this case the rate of overdraft interest didn't determine the loss Mrs D made by not having access to her funds for a time. If being deprived of her money had caused Mrs D to pay interest on overdrawn funds, then I'd consider whether Scottish

Widows must reimburse her the overdraft charges she paid. In considering that I'd think about whether those charges could and ought reasonably to have been avoided by Mrs D. A mistake by a business can start a chain of events – and sometimes it wouldn't be fair to hold the business responsible for all the resulting effects. So I'd need to carefully consider the circumstances to decide what impact flowed from the original error. But in this case Mrs D didn't incur any overdraft charges as a result of Scottish Widows's error. And I can only make a decision based on the actual circumstances of this complaint. And Scottish Widows has already awarded a payment for the distress and inconvenience associated with its error.

Putting aside that it was Mr D and not Mrs D who experienced distress and inconvenience in the circumstances of this complaint – even if Mr D wasn't shown how Scottish Widows calculated the compensation it paid Mrs D under this complaint, I'd be unlikely to say the amount paid in this case was unfair, based on the awards typically made by this service. Scottish Widows awarded £250 for distress and inconvenience. That's in line with awards this service typically makes for distress and inconvenience where poor service has caused more than the levels of frustration and annoyance that might reasonably be expected from day-to-day life, and the impact has been more than just minimal.

I know Mr D is dissatisfied with the fact this service hasn't required Scottish Widows to improve its processes so mistakes don't happen in future to him and others. But as our investigator said the role of this service is to determine individual complaints. And it's to put things right for individual customers based on the impact they've suffered in the individual circumstances of their complaint. So, while businesses are expected to learn from complaints, it's not my place in this decision to require Scottish Widows to make changes to its processes for the purpose of broader consumer protection or otherwise in the interests of the business's customer generally. That role belongs to the regulator.

I know this isn't the outcome Mr D wants. And I'm sorry for the frustration he's experienced over this which I can certainly understand. But it follows from all of the above that I won't be upholding this complaint or requiring Scottish Widows to take any further or alternative action. I hope Mr D will understand, given what I've explained, why I've made the final decision I've made on this complaint.

### **My final decision**

For the reasons I've set out above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 21 July 2025.

Lucinda Puls  
**Ombudsman**